

## Message Text

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ORIGIN EB-02

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DRAFTED BY EB/NPAZDRAL

APPROVED BY EB:NPAZDRAL

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O 142338Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY PARIS IMMEDIATE

C O N F I D E N T I A L STATE 085147

LIMDIS FOR ASSISTANT SECRETARY ENDERS

FOLLOWING REPEAT KINSHASA 3026 ACTION SEC STATE DATED 11 APR 75

QUOTE

C O N F I D E N T I A L KINSHASA 3026

LIMDIS

E.O. 11652: GDS

TAGS: EFIN, ENGR, CG

SUBJECT: ZAIRE OIL FACILITY DRAWING

REF: (A) STATE 079836; (B) KINSHASA 1961

1. IN REFLECTING UPON REFTELS AND EVENTS SUBSEQUENT TO  
IMF MISSION, I CONCLUDE THAT ZAIRE IS ENTITLED TO  
TREATMENT AT LEAST AS GOOD AS BANGLADESH. TO ME THIS  
MEANS THAT IMF STAFF SHOULD USE DRAWING REQUEST TO  
PRESS SOUND VIEWS ON GOVERNMENT OF ZAIRE, PARTICULARLY  
THAT ZAIRIAN AUTHORITIES SHOULD CONTINUE TO WORK WITH  
FUND STAFF ON FUNDAMENTAL MEASURES TO IMPROVE BALANCE OF  
PAYMENTS AND THAT OBJECTIVE SHOULD BE EVENTUAL RELAXATION  
OF RESTRICTIONS ON CURRENT TRANSACTIONS AND IMPORTS. FOR  
FORESEEABLE FUTURE, OF COURSE, IN SITUATION OF EXHAUSED  
RESERVES, DE FACTO MORATORIUM ON SHORT-TERM COMMERICAL  
DEBT SERVICING, AND DAY TO DAY RATIONING OF CURRENT FOREIGN  
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EXCHANGE RECEIPTS, RELAXATION OF TRADE RESTRICTIONS IS

IN FACT IMPOSSIBLE.

2. I DO NOT BELIEVE THAT IT WOULD BE APPROPRIATE FOR IMF TO INSIST THAT GOZ TAKE ADEQUATE STEPS TO CONTROL BUDGET DEFICIT AND CREDIT AS CONDITION FOR OIL FACILITY DRAWING, NOR DO I BELIEVE \$45 MILLION DRAWING WOULD PROVIDE SUFFICIENT LEVERAGE TO ACCOMPLISH THIS. STILL IMF STAFF TIME WOULD BE WELL SPENT IN SDEKING SOME ADDITIONAL GOZ RECONGNITION OF NEED FOR VARIOUS ACTIONS. ONE EXAMPLE: IMF TECHNICAL ASSISTANCE TO BANK OF ZAIRE FOR FOREIGN EXCHANGE BUDGET MANAGEMENT MIGHT BE EXPLORED. MOREOVER, IT JUST POSSIBLE THAT, IF LARGER CARROT COULD BE CONVINCINGLY DESCRIBED IN COURSE THESE DISCUSSIONS, THAT CONVERSATIONS WOULD LEAD ON TO STANDBY AND KIND OF COMMITMENTS WHICH ARE NECESSARY TO RESTORE CONFIDENCE IN INTERNATIONAL FINANCIAL COMMUNITY. THUS, I WOULD FAVOR IMF SENDING SOMEONE HERE TO TALK ABOUT OIL FACILITY DRAWING, IT BEING UNDERSTOOD THAT MINIMAL GOZ UNDERTAKINGS A LA BANGLADESH WOULD LEAD TO APPROVAL OF DRAWING IN MAY BUT THAT IF MOBUTU'S ATTITUDE HAS EVOLVED, FUND AND REST OF US WOULD WORK FOR KIND OF PACKAGE THAT IS REALLY NECESSARY. IN SHORT, NEITHER USG NOR IMF SHOULD TRY TO USE OIL FACILITY DRAWING TO STRAIGHTEN OUT ENTIRE SITUATION BUT NEITHER SHOULD USG OR IMF LET PASS OPPORTUNITY FOR FURTHER DISCUSSION OF WHAT IS REALLY INVOLVED. IN END, BOTH OUR POLITICAL AND ECONOMIC INTERESTS ARGUE FOR US SUPPORT OF DRAWING.

HINTON  
UNQUOTE  
KISSINGER

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## Message Attributes

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